



Ramotshere Moiloa Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2011

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## General Information

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### Executive Committee

Mayor

(01 July 2010 to 18 May 2011)

Pilane M.P.

Selau L.S.

Dipale B.R.

Motona M.H.

Morebantwa J.F.

Matsobe L.L.

Moreki S.S.

Selebogo I.C.

Councillors

(01 July 2010 to 18 May 2011)

Malope N.F.

Molefe M.A.

Mediro P.P.

Montwedi B.P.

Tolo B.A.

Mogapi L.T.

Mokotong A.P.

Moroend N.T.

Mbangi L.T.

Molebatsi D.D.

Saku P.A.E.

Lekalake T.P.

Tsile C.S.

Pule K.D.

Tshubi R.B.

Rakgoale M.G.

Sedite T.F.

Dreyer C.

Thwesha A.J.

Mosweo B.J.

Molwantwa E.R.

Magagane I.O.

Raphunga L.G.

Manthoko K.I.

Moiloa T.P.B.

Motsotsi L.R.

(18 May 2011 to date)

Mbangi L.T.

Dreyer C

Thale A N

Ramaina S. C

Mokotedi W. B. M

Mokgatlhee R. O

Phale K. R

Manthoko K. I

Mediro P. P

Thwesha A. J

Moabil M. P

Pilane M. P

Montwedi B. E

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## General Information

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	Lamola G. A Motang P. M Moroeng N.T Nyamane T.S Gae M. E Amodis J. Megalane M. G Ngweye S. F Mokotong K. P Pine B. Pule K.H Modibetsane S. I Chabane N. P Molefe T.D Mogotsi O. K Mosiane M. K Mokgothu B. S Mokgatlhe J. K Nyanto S.H. Tsile C. S. Bhine J. Senna R. Mothusi P. Maleke K. J. Seswane K.Q. Moiloa O. C.
<b>Grading of local authority</b>	Grade 6
<b>Accounting Officer</b>	Chauke K.G. , Maema C.
<b>Chief Finance Officer (CFO)</b>	Cudjoe J.F.
<b>Registered office</b>	Municipal Offices Coetzee Street Zeerust 2865
<b>Postal address</b>	P O Box 92 Zeerust 2865
<b>Bankers</b>	First National Bank - Zeerust
<b>Auditors</b>	Auditor General (South Africa)

# Ramotshere Moiloa Local Municipality

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The reports and statements set out below comprise the annual financial statements presented to the Auditor General:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

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Appendixes:

### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Responsibilities and Approval

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The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officers to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officers acknowledge that they are ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officers are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

Although the accounting officers are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's senior managers and other officials.

The Auditor General is responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 4 to 37, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2011.

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**Maema C.**  
**Acting Municipal Manager**

**Zeerust**

**31 August 2011**

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# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Statement of Financial Position

Figures in Rand	Note(s)	2011	2010
<b>Assets</b>			
Current Assets			
Inventories	3	3 165 622	1 686 371
Current tax receivable		314 353	-
Consumer Debtors	4	12 626 531	8 823 891
Other debtors	5	1 898 705	1 893 164
Prepayments		715 808	715 808
Current Portion of Long-term Receivables		198 251	350 278
Cash and cash equivalents	6	29 299 409	12 839 311
		<b>48 218 679</b>	<b>26 308 823</b>
Non-Current Assets			
Property, plant and equipment	7	156 904 205	159 918 494
Intangible assets		1 965 413	1 808 229
Interest in joint ventures	8	700 000	700 000
Fixed Deposit Investments	9	9 322 493	9 039 307
Long-term Receivables		309 854	309 854
Other Financial Assets		-	-
		<b>169 201 965</b>	<b>171 775 884</b>
Non-Current Assets		169 201 965	171 775 884
Current Assets		48 218 679	26 308 823
Non-current assets held for sale (and) (assets of disposal groups)		-	-
<b>Total Assets</b>		<b>217 420 644</b>	<b>198 084 707</b>
<b>Liabilities</b>			
Current Liabilities			
Taxes and transfers payable		-	3 094 383
Trade and other payables from exchange transactions	10	22 295 713	9 396 621
Unspent conditional grants and receipts	12	27 278 063	15 294 667
Provisions	13	6 110 650	3 594 189
Current portion of long term liabilities		2 081 541	570 508
Consumer deposits		1 257 731	1 251 624
		<b>59 023 698</b>	<b>33 201 992</b>
Non-Current Liabilities			
Development Bank of Southern Africa	14	8 177 721	8 097 748
Provisions	13	62 000	62 000
		<b>8 239 721</b>	<b>8 159 748</b>
Non-Current Liabilities		8 239 721	8 159 748
Current Liabilities		59 023 698	33 201 992
Liabilities of disposal groups		-	-
<b>Total Liabilities</b>		<b>67 263 419</b>	<b>41 361 740</b>
Assets		217 420 644	198 084 707
Liabilities		(67 263 419)	(41 361 740)
<b>Net Assets</b>		<b>150 157 225</b>	<b>156 722 967</b>
<b>Net Assets</b>			
Reserves			
Government grant reserve	11&11	-	67 988 654
Accumulated surplus		150 157 225	88 734 313
<b>Total Net Assets</b>		<b>150 157 225</b>	<b>156 722 967</b>

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Statement Of Financial Performance

Figures in Rand	Note(s)	2011	2010
<b>Revenue</b>			
Property rates	17	11 269 231	9 000 089
Service charges	18	41 470 212	37 120 039
Property rates - penalties imposed and collection charges		1 830 039	45 128
Rental of facilities and equipment		35 946	110 512
Fines		6 707 656	2 080 481
Licences and permits		1 595 242	2 184 166
Government grants & subsidies	15	84 566 863	67 404 682
Rendering of services		78 370	26 443
Miscellaneous other revenue		246 513	746 974
Interest received - investment	22	493 996	1 378 559
<b>Total Revenue</b>		<b>148 294 068</b>	<b>120 097 073</b>
<b>Expenditure</b>			
Personnel	20	(54 971 203)	(44 287 013)
Remuneration of councillors		(8 425 079)	(8 943 511)
Administration		(9 000)	(2 166)
Depreciation and amortisation	23	(8 501 339)	(6 730 210)
Finance costs	25	(1 044 584)	(1 190 858)
Debt impairment	21	(9 581 717)	(10 084 970)
Collection costs		(166 387)	-
Repairs and maintenance		(4 838 206)	(4 210 601)
Bulk purchases	28	(19 061 860)	(16 064 966)
Contracted services	27	(1 254 276)	(606 817)
Grant Funded Expenditure		(8 103 565)	(1 089 404)
General Expenses	19	(31 145 190)	(19 800 255)
<b>Total Expenditure</b>		<b>(147 102 406)</b>	<b>(113 010 771)</b>
Revenue		148 294 068	120 097 073
Expenditure		(147 102 406)	(113 010 771)
Other		-	-
<b>Surplus for the year</b>		<b>1 191 662</b>	<b>7 086 302</b>

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Statement of Changes in Net Assets

Figures in Rand	Government grant reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	52 692 752	30 949 522	83 642 274
Adjustments			
Fundamental errors affecting net assets	18 265 569	(18 265 569)	-
Change in accounting policy	(2 969 667)	2 969 667	-
<b>Balance at 01 July 2009 as restated</b>	<b>67 988 654</b>	<b>15 295 902</b>	<b>83 284 556</b>
Changes in net assets			
Adjustments			
• Property Plant and Equipment Previously Expensed	-	55 814 102	55 814 102
• Intangible assets Previously Expensed	-	1 884 007	1 884 007
• Transfers to inventory	-	8 654 000	8 654 000
Net income (losses) recognised directly in net assets	-	66 352 109	66 352 109
Surplus for the year	-	7 086 302	7 086 302
Total recognised income and expenses for the year	-	73 438 411	73 438 411
Total changes	-	73 438 411	73 438 411
Opening balance as previously reported	67 988 654	91 625 160	159 613 814
Adjustments			
Fundamental errors affecting net assets	-	55 484 102	55 484 102
Prior year adjustments	-	1 856 287	1 856 287
<b>Balance at 01 July 2010 as restated</b>	<b>67 988 654</b>	<b>148 965 549</b>	<b>216 954 203</b>
Changes in net assets			
Surplus for the year	-	1 191 662	1 191 662
Funds introduced	-	14	14
Transfer to Accumulated Surplus	(67 988 654)	-	(67 988 654)
Total changes	(67 988 654)	1 191 676	(66 796 978)
<b>Balance at 30 June 2011</b>	<b>-</b>	<b>150 157 225</b>	<b>150 157 225</b>
Note(s)	11		



# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Cash Flow Statement

Figures in Rand	Note(s)	2011	2010
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Customers		69 799 953	44 616 574
Grants		96 550 349	79 843 809
Interest income		493 996	1 088 998
		<b>166 844 298</b>	<b>125 549 381</b>
<b>Payments</b>			
Employee costs		(63 396 282)	(52 534 370)
Suppliers		(64 600 785)	(38 500 825)
Finance costs		(1 044 584)	(1 190 858)
Taxes on surpluses		(3 408 736)	-
		<b>(132 450 387)</b>	<b>(92 226 053)</b>
Total receipts		166 844 298	125 549 381
Total payments		(132 450 387)	(92 226 053)
<b>Net cash flows from operating activities</b>	29	<b>34 393 911</b>	<b>33 323 328</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(18 504 849)	(20 733 822)
Proceeds from Long term receivables		152 027	-
Purchase of other intangible assets		(157 184)	-
Sale of financial assets		(283 186)	(454 507)
Increase in Long Term Receivables		-	(68 100)
<b>Net cash flows from investing activities</b>		<b>(18 793 192)</b>	<b>(21 256 429)</b>
<b>Cash flows from financing activities</b>			
Repayment of development bank of southern africa		(778 375)	1 204 525
Proceeds from development bank of south africa		779 406	-
Movement in consumer deposits		-	95 878
<b>Net cash flows from financing activities</b>		<b>859 379</b>	<b>1 300 403</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>16 460 098</b>	<b>13 367 302</b>
Cash and cash equivalents at the beginning of the year		12 839 311	(527 991)
<b>Cash and cash equivalents at the end of the year</b>	6	<b>29 299 409</b>	<b>12 839 311</b>

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

##### Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

##### Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

##### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.1 Significant judgements and sources of estimation uncertainty (continued)

#### Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The municipality recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The municipality recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the municipality to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the municipality to realise the net deferred tax assets recorded at the end of the reporting period could be impacted. Vat is only charged on taxable supplies made by the municipality. Taxable supplies include supplies for which VAT is charged at either the standard rate or zero rate but does not include salaries & wages, hobbies or any private recreational pursuits (Not included in the form of a business), Occasional private sale of personal or domestic items and exempt supplies. The municipality is categorised under B as a VAT vendor.

#### Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

#### Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

### 1.2 Investment property

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.2 Investment property (continued)

#### Transitional provision

According to the transitional provision as per Directive 4, the municipality is not required to measure Property Plant and Equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property Plant and Equipment. Property Plant and Equipment has accordingly been recognised at provisional amounts, as disclosed in 7. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 2 of the GRAP Reporting Framework, where investment property was acquired through a transfer of functions, the municipality is not required to measure that investment property for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2011 and investment property has accordingly been recognised at provisional amounts, as disclosed in .

Until such time as the measurement period expires and Property Plant and Equipment is recognised and measured in accordance with the requirements of the Standard of GRAP on Investment property, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Investment property implies that any associated presentation and disclosure requirements need not be complied with for Property Plant and Equipment not measured in accordance with the requirements of the Standard of GRAP on Investment property.

### 1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Heritage assets which are culturally significant resources and which are shown at cost, are not depreciated. owing to the uncertainty regarding the estimated useful lives. Land is not depreciated as it is deemed to have an indefinite life.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	30 Years
Plant and machinery	10 Years
Furniture and fixtures	7 Years
Motor vehicles	5 Years
Office equipment	3 Years
IT equipment	3 Years

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.3 Property, plant and equipment (continued)

Computer software	4 Years
Infrastructure	20 Years
Community	30 Years
Other property, plant and equipment	5 - 7 Years
Bins and containers	5 Years
Communication equipment	5 Years
Signage	20 Years
Specialised vehicles	10 Years
Wastewater network	20 Years
Water network	20 Years

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### Transitional provision

The municipality changed its accounting policy for property, plant and equipment in 2011. The change in accounting policy is made in accordance with its transitional provision as per Directive 4 of the GRAP Reporting Framework.

According to the transitional provision, the municipality is not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Property, plant and equipment. Property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 7. The transitional provision expires on 30 June 2012.

In accordance with the transitional provision as per Directive 4 of the GRAP Reporting Framework, where property, plant and equipment was acquired through a transfer of functions, the municipality is not required to measure that property, plant and equipment for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later. The municipality acquired a transfer(s) of function in 2011 and property, plant and equipment has accordingly been recognised at provisional amounts, as disclosed in 7.

Until such time as the measurement period expires and property, plant and equipment is recognised and measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment, the municipality need not comply with the Standards of GRAP on:

- Presentation of Financial Statements (GRAP 1),
- The Effects of Changes in Foreign Exchange Transactions (GRAP 4),
- Leases (GRAP 13),
- Segment Reporting (GRAP 18),
- Non-current Assets Held for Sale and Discontinued Operations (GRAP 100)

The exemption from applying the measurement requirements of the Standard of GRAP on Property, plant and equipment implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on Property, plant and equipment.

### 1.4 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.4 Intangible assets (continued)

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Valuation Roll	4 Years
Computer software, other	4 Years

### 1.5 Interest in joint ventures

An interest in a joint venture is carried at cost less any accumulated impairment.

Surpluses and deficits resulting from contributions or sale of assets to joint ventures are only recognised to the extent of other venturers' interests in the joint venture.

The municipality's share of surpluses or deficits, resulting from purchase of assets from joint ventures are recognised only when the assets are resold to an independent party.

In respect of its interests in jointly controlled operations, the municipality recognises in its annual financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the revenue that it earns from the sale or provision of goods or services by the joint venture.

In respect of its interest in jointly controlled assets, the municipality recognises in its annual financial statements:

- its share of the jointly controlled assets, classified according to the nature of the assets;
- any liabilities that it has incurred;
- its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;
- any revenue from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- any expenses that it has incurred in respect of its interest in the joint venture.

### 1.6 Financial instruments

#### Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Held-to-maturity investment
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.6 Financial instruments (continued)

#### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

#### Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit .

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.6 Financial instruments (continued)

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

#### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

#### Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

### 1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge. Inventory is issued at First in First out method.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.



# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.7 Inventories (continued)

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

Inventory consisting of consumable store, raw materials, work in progress, and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at a lower of and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Inventories identified for write down/write off, but for which council resolution, to authorised the write down/write off has not yet been obtained is provided for as a provision for absolute stock. Differences arising on the valuation of inventory are recognised in the statement of financial performance in the year in which they arose. The amount of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventory recognised as expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset. The first-in-first-out method is the basis of allocating costs to inventories. Unsold properties are valued at cost. Direct costs are accumulated for each separated identifiable development.

### 1.8 Impairment of assets

The municipality assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and tests goodwill acquired in a business combination for impairment annually.

if there is any indication that the asset may be impaired, recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is higher of its value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.8 Impairment of assets (continued)

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

#### Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

#### Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

#### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.8 Impairment of assets (continued)

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.8 Impairment of assets (continued)

#### Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

### 1.9 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

### 1.10 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.10 Provisions and contingencies (continued)

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

### Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.8 and .

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.11 Revenue from exchange transactions

Revenue from sale of goods is recognised when all the following conditions have been satisfied: the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods; the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably;

### 1.12 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue from rates, including collection charges and penalty interest, is recognised when: it is probable that the economic benefits or service potential associated with transaction will flow to the municipality; the amount of revenue can be measured reliably and; there has been compliance with the relevant legal requirements. Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made, based on a time proportion basis. Adjustments to rates revenue to rates revenue already recognised are processed or additional rates revenue is recognised. Revenue from the issuing of fines is recognised on a receipt basis.

### Government grants

Government grants are recognised when there is reasonable assurance that:

- the municipality will comply with conditions attaching to them; and the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A Government grant that becomes receivable as compensation for expenses or deficits already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Grants related to income are presented as a credit in the income statement (separately). Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred exists, the repayment is recognised immediately as an expense.

### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

Donations are measured at the fair value of the consideration received or receivable when the amount of the revenue can be measured reliably.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

### 1.13 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.14 Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying less any investment income e on temporary investment of those borrowings.

### 1.15 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.16 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.17 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.18 Presentation of currency

These annual financial statements are presented in South African Rand.

### 1.19 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

### 1.20 Internal reserves

#### Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

#### Donations and public contributions reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.

#### Compensation for occupational injuries and diseases (COID) reserve

The Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993) is to provide for payment of medical treatment and compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The contribution to the COID fund is 0.75% of the salary expense. The municipality is an exempt employer in terms of Section 84 (1) (a)(ii) & (2) and as such does not pay any assessments to the COID Commissioner. In terms of the exempt status the municipality relies on the workmans Compensation Fund.

### 1.21 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### 1.22 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.



# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Accounting Policies

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### 1.22 Segmental information (continued)

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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### 2. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

- During the year the Municipality changed its accounting policy in respect of GRAP 17 Property, Plant and Equipment. The change in accounting policy was effective 1 July 2009. The reason for the change is to comply with the requirements of GRAP to recognise depreciation on assets and eliminate the loans redeemed and Capital receipts previously written off against assets, the change was made in accordance with the transitional provisions that allow the individual entities a period of three years from the initial adoption of the standards of GAMAP to comply in full with the recognition requirements of the Standard, for those assets that were not previously recognised. Where entities have taken advantage of that transitional period, the period remains in force, even where entities are adopting the Standard of GRAP on Property, Plant and Equipment for the first time. The comparative amounts have been appropriately restated.

#### 2.1 Prior Period Error

During the year, the municipality capitalised land as per the valuation roll that had been omitted in the previous annual financial statements. The aggregate effect on fixed assets is an increase of R56,338,100.00 on net assets as well as prior year's accumulated surplus. Intangible assets regarding Pastel Evolution Models brought to use in the previous financial year were also brought to book. The net effect on the previous year's intangibles at cost was R1,856,289.37. Included also in prior year's adjustments on property, plant and equipment is capital work in progress that was transferred to fixed assets at cost price of R7,751,864.38.

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2010 is as follows:

#### Statement of financial position

##### Property, plant and equipment

Previously stated	-	108 708 328
Adjustment	-	64 138 101
	-	<b>172 846 429</b>

### 3. Inventories

Maintenance materials	3 165 622	1 686 371
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### 4. Trade and other receivables from exchange transactions

Provisions	(54 562 277)	(44 980 560)
Trade Debtors	52 497 898	39 113 491
Rates	14 691 149	14 691 199
Sundry Rentals	(239)	(239)
	<b>12 626 531</b>	<b>8 823 891</b>

### 5. Other receivables from non-exchange transactions

Sundry Debtors	5 842	5 842
Other Debtors	1 892 863	1 887 322
	<b>1 898 705</b>	<b>1 893 164</b>

### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	29 299 409	12 839 311
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# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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### 6. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2011	30 June 2010	30 June 2009	30 June 2011	30 June 2010	30 June 2009
FNB BANK - CHEQUE 62063144431	13 568 970	7 380 453	2 141 059	12 501 171	12 834 025	(527 991)
FNB BANK - CHEQUE 54351140693	14 321 569	7 752 123	1 434 733	13 357 106	8 000	-
FNB BANK - CHEQUE 62200495960	1 411 223	829 936	529 844	1 240 513	-	-
FNB BANK - CHEQUE 62224998023	2 058 701	1 200 457	416	1 279 535	-	-
<b>Total</b>	<b>31 360 463</b>	<b>17 162 969</b>	<b>4 106 052</b>	<b>28 378 325</b>	<b>12 842 025</b>	<b>(527 991)</b>

### 7. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	60 686 731	-	60 686 731	67 668 354	-	67 668 354
Buildings	8 406 819	(659 079)	7 747 740	8 406 819	(567 260)	7 839 559
Plant and machinery	10 281 844	(3 329 440)	6 952 404	8 856 468	(2 561 412)	6 295 056
Furniture and fixtures	1 341 444	(410 188)	931 256	991 123	(266 750)	724 373
Motor vehicles	6 881 097	(3 285 563)	3 595 534	5 188 479	(1 961 613)	3 226 866
Office equipment	681 482	(600 253)	81 229	670 524	(391 757)	278 767
IT equipment	4 009 599	(1 612 332)	2 397 267	3 973 746	(818 124)	3 155 622
Infrastructure	46 216 562	(8 002 697)	38 213 865	38 342 757	(4 627 220)	33 715 537
Community	2 574 340	(204 208)	2 370 132	1 868 948	(132 403)	1 736 545
Other property, plant and equipment	500 589	-	500 589	500 589	-	500 589
Bins and containers	476 072	(147 623)	328 449	476 072	(98 437)	377 635
Capital work in progress	21 447 247	-	21 447 247	21 072 898	-	21 072 898
Specialised vehicles	103 139	(44 401)	58 738	103 139	(29 607)	73 532
Wastewater network	5 488 370	(823 316)	4 665 054	5 488 370	(548 897)	4 939 473
Water network	9 238 143	(2 310 173)	6 927 970	9 238 143	(924 455)	8 313 688
<b>Total</b>	<b>178 333 478</b>	<b>(21 429 273)</b>	<b>156 904 205</b>	<b>172 846 429</b>	<b>(12 927 935)</b>	<b>159 918 494</b>

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand 2011 2010

### 7. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Land	59 868 354	818 377	-	-	60 686 731
Buildings	7 839 559	-	-	(91 819)	7 747 740
Plant and machinery	6 295 056	1 425 376	-	(768 028)	6 952 404
Furniture and fixtures	724 373	350 321	-	(143 438)	931 256
Motor vehicles	3 226 866	1 692 618	-	(1 323 950)	3 595 534
Office equipment	278 767	-	-	(197 538)	81 229
IT equipment	3 155 622	-	-	(758 355)	2 397 267
Infrastructure	33 715 537	13 138 416	(6 170 771)	(2 469 317)	38 213 865
Community	1 736 545	705 392	-	(71 805)	2 370 132
Other property, plant and equipment	500 589	-	-	-	500 589
Bins and containers	377 635	-	-	(49 186)	328 449
Capital work in progress	21 072 898	374 349	-	-	21 447 247
Specialised vehicles	73 532	-	-	(14 794)	58 738
Wastewater network	4 939 473	-	-	(274 419)	4 665 054
Water network	8 313 688	-	-	(1 385 718)	6 927 970
	<b>152 118 494</b>	<b>18 504 849</b>	<b>(6 170 771)</b>	<b>(7 548 367)</b>	<b>156 904 205</b>

#### Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Transfers	Other changes, movements	Depreciation	Total
Land	3 434 174	-	-	64 138 100	-	67 572 274
Landfill Sites	-	-	96 080	-	-	96 080
Buildings	7 935 639	-	(96 080)	-	-	7 839 559
Plant and machinery	6 295 056	-	-	-	-	6 295 056
Furniture and fixtures	724 373	-	-	-	-	724 373
Motor vehicles	3 226 866	-	-	-	-	3 226 866
Office equipment	278 767	-	-	-	-	278 767
Infrastructure	25 393 472	-	8 322 065	-	-	33 715 537
Community	1 736 545	-	-	-	-	1 736 545
Heritage	500 589	-	-	-	-	500 589
Bins and containers	377 635	-	-	-	-	377 635
Capital work in progress	29 574 599	-	(8 501 701)	-	-	21 072 898
IT Equipment	1 863 033	1 798 571	-	-	(505 982)	3 155 622
Specialised vehicles	103 139	-	-	-	(29 607)	73 532
Wastewater network	4 939 473	-	-	-	-	4 939 473
Water network	8 313 688	-	-	-	-	8 313 688
	<b>94 697 048</b>	<b>1 798 571</b>	<b>(179 636)</b>	<b>64 138 100</b>	<b>(535 589)</b>	<b>159 918 494</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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### 8. Interest in joint ventures

Name of company	Listed / Unlisted	% holding 2011	% holding 2010	Carrying amount 2011	Carrying amount 2010	Fair value 2011	Fair value 2010
Absa Joint Venture		10,00 %	10,00 %	700 000	700 000	-	-

The municipality entered into a joint venture agreement with ABSA Bank to construct a building and lease the building out for rental purposes. The municipality has 10% interest in the venture with ABSA holding 90%. In terms of the agreement the profit from the joint venture shall be shared in proportion to the venture holding. ABSA bank receives a 5% commission on rentals paid as contract management fees, this will increase by 10% after 10 years. The 5% is not payable by the municipality but collected from leases on top of rental payments.

### 9. Fixed Deposit Investments

Held to maturity fixed deposits	9 322 493	9 039 307
Terms and conditions	9 322 493	9 039 307
	-	-
	-	-
	-	-
	-	-
<b>Non-current assets</b>		
Held to maturity fixed deposit	9 322 493	9 039 307
Non-current assets	9 322 493	9 039 307
Current assets	-	-

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2011 and 2010, as all the financial assets were disposed of at their redemption date.

For debt securities classified as at fair value through surplus or deficit, the maximum exposure to credit risk at the reporting date is the carrying amount.

### 10. Trade and other payables from exchange transactions

Trade payables	15 293 638	7 724 465
Payments received in advanced - contract in process	(1 000)	-
Net Salary Clearing Account	2 250 210	-
Other payables	435 525	-
Long Service Provision and Customer clearing Account	1 657 267	1 608 571
Easy pay clearing Account	2 658 710	5 698
Interest Accrued	1 363	57 887
	<b>22 295 713</b>	<b>9 396 621</b>

### 11. Government grant reserve

Capital Asset Purchases using Government Grants	67 988 654	73 628 522
Transferred to Accumulated Surplus	(67 988 654)	(5 639 868)
	<b>-</b>	<b>67 988 654</b>

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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### 12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Municipal Infrastructural Grant	18 414 603	3 370 127
Neighbourhood Development Grant	2 797 738	4 170 000
Drought Relief Funds	(48 068)	1 640 750
Human Settlement	6 113 790	6 113 790
	<b>27 278 063</b>	<b>15 294 667</b>

#### Movement during the year

Balance at the beginning of the year	15 294 667	2 935 461
Additions during the year	23 658 919	79 763 889
Income recognition during the year	(11 675 523)	(67 404 683)
	<b>27 278 063</b>	<b>15 294 667</b>

The nature and extent of government grants recognised in the Annual Financial Statements and an indication of other forms of government assistance from which the Municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. National Treasury will confirm whether or not the municipality may retain as a roll over any of the unspent funds if they are committed to identifiable projects or should be repaid to National Revenue Fund (NRF).

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

### 13. Provisions

#### Reconciliation of provisions - 2011

	Opening Balance	Additions	Total
Environmental Rehabilitation	62 000	-	62 000
Leave pay provision	3 594 189	2 516 461	6 110 650
	<b>3 656 189</b>	<b>2 516 461</b>	<b>6 172 650</b>
Non-current liabilities		62 000	62 000
Current liabilities		6 110 650	3 594 189
		<b>6 172 650</b>	<b>3 656 189</b>

#### Environmental rehabilitation provision

Provision is made for the municipality's part together with Ngaka Modiri Molema District Municipality for the rehabilitation of the landfill site associated with the dumping of business and household refuse. The estimation of the cost of future landfill rehabilitation activities is subject to uncertainties. These uncertainties include the legal and regulatory framework, the magnitude of possible contamination and the timing and extent of rehabilitation activities required. These uncertainties might result in future actual expenditure differing from the amounts provided at this time. The estimated total site rehabilitation for our part contribution to be incurred in the future arising from operations to date and including amounts already provided for is R62,000 that represents less than 10% of our part.

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>14. Development Bank of Southern Africa</b>		
<b>Held at amortised cost.</b>		
DBSA annuity loan 102400/1	2 751 398	2 086 330
The loan has a fixed interest rate of 5% per annum and is repayable in 40 equal six months instalments. The loan period is 20 years.		
DBSA annuity loan 13806/102	165 719	257 085
The loan has a fixed interest rate of 15.75% per annum and is repayable in 40 equal six months installments. The loan period is 20 years.		
DBSA annuity loan 100121/3	4 572 860	4 853 876
The loan has a fixed interest of 15.15% per annum and is repayable in 30 equal six-monthly installments. The loan period is 15 years.		
DBSA annuity loan 100702/1	1 186 155	1 214 490
The loan has a fixed interest rate of 11.73% per annum and is repayable in 40 equal six monthly installments. The loan period is 20 years.		
DBSA annuity loan 100172/2	158 113	295 482
The loan has a fixed interest rate of 15% per annum and is repayable in 40 equal six monthly installments. The loan period is 5 years.		
DBSA annuity loan 13806/101	-	287 733
The loan has a fixed interest of 15.75% per annum and is repayable in 20 equal six monthly installments. The loan period is 10 years.		
Current Portion of Long term Loan	(656 888)	(897 630)
Terms and conditions		
	<b>8 177 357</b>	<b>8 097 366</b>

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>15. Government grants and subsidies</b>		
Equitable share	60 150 805	47 297 615
Municipal System Improvement Grant	1 000 000	1 300 000
Neighbourhood Development Grant	7 372 263	2 830 000
Financial Management Grant	1 250 000	1 000 000
Municipal Infrastructure Grant	11 675 524	13 441 396
District Grant	1 688 818	195 641
Human Settlement Grant	-	514 143
Health Subsidies	1 429 453	825 887
	<b>84 566 863</b>	<b>67 404 682</b>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members		
<b>Municipal Infrastructure Grant (MIG)</b>		
Balance unspent at beginning of year	3 370 127	664 177
Current-year receipts	26 720 000	16 147 346
Transferred to revenue	(11 675 524)	(13 441 396)
	<b>18 414 603</b>	<b>3 370 127</b>
The amount was used on construction infrastructural development as part of upgrading of the local Mucipal area. This work is included in Work in Progress Note and appendices B&C.		
There were no funds withheld.		
<b>Neighbourhood Development Grant</b>		
Balance unspent at beginning of year	4 170 000	7 000 000
Current-year receipts	6 000 000	-
Conditions met - transferred to revenue	(7 372 262)	(2 830 000)
	<b>2 797 738</b>	<b>4 170 000</b>
<b>Financial Management Grant (FMG)</b>		
Current-year receipts	1 250 000	1 000 000
Conditions met - transferred to revenue	(1 250 000)	(1 000 000)
	<b>-</b>	<b>-</b>
<b>District Grant</b>		
Balance unspent at beginning of year	1 640 750	1 836 390
Conditions met - transferred to revenue	(1 688 818)	(195 640)
	<b>(48 068)</b>	<b>1 640 750</b>
<b>Rural Subsidy</b>		
Balance unspent at beginning of year	6 113 790	420 750
Current-year receipts	-	5 693 041
Conditions met - transferred to revenue	-	(1)
	<b>6 113 790</b>	<b>6 113 790</b>
<b>Municipal System Improvement Grant (MSIG)</b>		



# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>15. Government grants and subsidies (continued)</b>		
Current-year receipts	1 000 000	1 300 000
Conditions met - transferred to revenue	(1 000 000)	(1 300 000)
	-	-

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

### Health Subsidy

Current-year receipts	1 429 453	825 886
Conditions met - transferred to revenue	(1 429 453)	(825 886)
	-	-

Conditions still to be met - remain liabilities (see note 12).

Provide explanations of conditions still to be met and other relevant information.

### Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act no.01 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

### 16. Revenue

Property rates	11 269 231	9 000 089
Property rates – Penalties imposed and collection charges	1 830 039	45 128
Service charges	41 470 212	37 120 039
Rental of facilities & equipment	35 946	110 512
Fines	6 707 656	2 080 481
Licences and permits	1 595 242	2 184 166
Government grants & subsidies	84 566 863	67 404 682
Rendering of services	78 370	26 443
Miscellaneous other revenue	246 513	746 974
	<b>147 800 072</b>	<b>118 718 514</b>

#### The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	41 470 212	37 120 039
Rental of facilities & equipment	35 946	110 512
Licences and permits	1 595 242	2 184 166
Miscellaneous other revenue	246 513	746 974
	<b>43 347 913</b>	<b>40 161 691</b>

#### The amount included in revenue arising from non-exchange transactions is as follows:

##### Taxation revenue

Property rates	11 269 231	9 000 089
Property rates – Penalties imposed and collection charges	1 830 039	45 128
Fines	6 707 656	2 080 481

##### Transfer revenue

Levies	84 566 863	67 404 682
Advertising Sign and Funeral Charges	78 370	26 443
	<b>104 452 159</b>	<b>78 556 823</b>

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>17. Property rates</b>		
<b>Rates received</b>		
	6 183 402	9 000 089
Commercial	3 399 020	-
State	880 218	-
Small holdings and farms	806 591	-
	11 269 231	9 000 089
Property rates - penalties imposed and collection charges	1 830 039	45 128
	<b>13 099 270</b>	<b>9 045 217</b>
<b>18. Service charges</b>		
Service charges	2 500	-
Sale of electricity	31 839 754	26 133 401
Sale of water	5 980 607	6 233 438
Refuse removal	3 647 351	4 753 200
	<b>41 470 212</b>	<b>37 120 039</b>

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>19. General expenses</b>		
Advertising	132 845	230 605
Assessment rates & municipal charges	-	1 128
Auditors remuneration	1 976 820	1 253 069
Bank charges	274 433	290 515
Cleaning	2 310	-
Consulting and professional fees	3 231 299	3 475 841
Consumables	238 529	-
Entertainment	173 371	32 416
Hire	261 232	356 913
Insurance	307 641	687 181
Community development and training	112 791	-
Lease rentals on operating lease	453 402	-
Horticulture	67 287	310 070
Medical expenses	-	(55 640)
Motor vehicle expenses	21 141	-
Fuel and oil	810 913	1 668 945
Postage and courier	11 159	20 116
Printing and stationery	428 360	544 922
Royalties and license fees	-	51 574
Security (Guarding of municipal property)	35 185	14 264
Staff welfare	2 615	-
Subscriptions and membership fees	419 862	525 542
Telephone and fax	632 724	934 030
Training	537 453	505 834
Travel - local	346 801	-
Electricity	5 854 677	1 015 309
Gas	33 404	17 471
Water	2 569 864	903 791
Refuse	87 876	-
Uniforms	219 173	211 640
Rebates	1 938 798	-
Other general Expense	37	3 244 837
Sewerage and sanitation	16 650	1 782
Health and environmental awareness	98 500	273 294
Consumables	147 978	307 333
Cemetery expenses	81 438	121 658
Veterinary department	-	58
Billing charges	180 494	163 050
Chemicals	166 431	128 591
Other expenses	9 271 697	2 564 116
	<b>31 145 190</b>	<b>19 800 255</b>

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>20. Employee related costs</b>		
Basic	31 282 027	32 447 304
Bonus	2 235 911	-
Medical aid - company contributions	2 950 595	2 273 871
UIF	354 240	3 369
SDL	384 018	205 711
Leave pay provision charge	3 137 205	1 898 386
Post-employment benefits - Pension - Defined contribution plan	6 509 795	4 942 670
Travel, motor car, accommodation, subsistence and other allowances	219 745	684 445
Overtime payments	3 647 498	11 377
Long-service awards	230 023	-
Acting allowances	219 297	-
Transport allowance (bus coupons)	999 829	-
Car allowance	-	558 780
Housing benefits and allowances	413 816	200 272
Holiday Bonus	926 499	(6 241)
Cellphone Allowance	56 521	1 000
Bargaining Council	15 968	-
Group Insurance	2 537	309 666
Performance Bonus	-	756 192
Standby Allowance	1 042 072	-
Share-based payment	343 607	211
	<b>54 971 203</b>	<b>44 287 013</b>

### Remuneration of Municipal Manager

Annual Remuneration	560 106	589 395
Car Allowance	108 000	108 000
Leave encashment and leave term	330 648	21 221
Contributions to UIF, Medical and Pension Funds	1 498	1 498
Skills Development Levy	9 915	5 768
Cellphone allowance	14 400	14 400
Housing subsidy	-	10 377
	<b>1 008 812</b>	<b>729 438</b>

### Remuneration of Chief Finance Officer

Annual Remuneration	476 813	461 600
Car Allowance	60 000	60 000
Contributions to UIF, Medical and Pension Funds	1 545	2 854
Leave encashment	16 691	28 989
Skills Development Levy	5 051	4 242
	<b>560 100</b>	<b>557 685</b>

### Remuneration of Senior Managers

#### Remuneration of Coucillors

Mayor	876 920	1 195 576
Mayoral Committee Members	1 437 648	1 437 648
Speaker	610 530	461 105
Councillors	5 499 981	4 606 394
	<b>8 425 079</b>	<b>7 700 723</b>

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>21. Debt impairment</b>		
Contributions to debt impairment provision	9 581 717	10 084 970
<b>22. Investment revenue</b>		
<b>Interest revenue</b>		
Associates	283 186	289 561
Bank	28 199	-
Interest charged on trade and other receivables	12 830	-
External Investments	169 781	1 088 998
	<b>493 996</b>	<b>1 378 559</b>
	-	-
	493 996	1 378 559
<b>23. Depreciation and amortisation</b>		
Property, plant and equipment	8 501 339	6 682 150
Intangible assets	-	48 060
	<b>8 501 339</b>	<b>6 730 210</b>
<b>24. Impairment of assets</b>		
<b>Reversal of impairments</b>		
Trade and other receivables	-	10 084 970
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]		
	-	-
	-	10 084 970
<b>25. Finance costs</b>		
Other interest paid	1 044 584	1 190 858
<b>26. Auditors' remuneration</b>		
Fees	1 976 820	1 253 069
<b>27. Contracted services</b>		
Other Contractors	1 254 276	606 817
<b>28. Bulk purchases</b>		
Electricity	19 061 860	16 064 966
Water	13 955	-
	<b>19 075 815</b>	<b>16 064 966</b>

# Ramotshere Moiloa Local Municipality

Annual Financial Statements for the year ended 30 June 2011

## Notes to the Annual Financial Statements

Figures in Rand	2011	2010
<b>29. Cash generated from operations</b>		
Surplus	1 191 662	7 086 302
<b>Adjustments for:</b>		
Depreciation and amortisation	8 501 339	6 502 516
Fair value adjustments	-	125 595
Interest income	(493 996)	(1 088 998)
Finance costs	1 044 584	1 190 861
Debt impairment	9 581 717	10 084 970
Movement in tax receivable and payable	(3 408 736)	-
Increase in provision	-	791 212
Inventory Adjustment	349 295	-
<b>Changes in working capital:</b>		
Inventories	(1 479 251)	368 568
Trade and other receivables from exchange transactions	(3 802 640)	(11 564 876)
Other receivables from non-exchange transactions	(5 541)	-
Prepayments	-	2 900
Other debtors	-	(11 825)
Trade and other payables from exchange transactions	12 899 091	6 840 989
Taxes and transfers payable (non exchange)	(2 235 425)	-
Unspent conditional grants and receipts	11 983 396	12 359 206
Consumer deposits	(13 356)	-
Current portion of long term liabilities	1 632 528	630 210
Accrued interest	(1 350 756)	5 698
	<b>34 393 911</b>	<b>33 323 328</b>

## 30. Commitments

### Authorised capital expenditure

#### Already contracted for but not provided for

• Infrastructure Development	41 649 979	38 292 890
• Land and Buildings	-	2 723 194
	<b>41 649 979</b>	<b>41 016 084</b>

Not yet contracted for and authorised by Accounting Officer is nil.

## 31. Fruitless and wasteful expenditure

Due to technical challenges Municipality could not submit VAT returns on the by due date ,as a results of this, penalties and interest have been incurred resulting in fruitless and wastefull expenditure that to be determin on the final submission of last returns.

## 32. Irregular expenditure

Opening balance	-	19 498 951
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## RAMOTSHERE MOILOA LOCAL MUNICIPALITY

### APPENDIX A

#### Schedule of External Schedule of External loans

DESCRIPTION	LOAN NUMBER	INTEREST RATE	OPENING BALANCE	RECEIVED DURING THE PERIOD	REDEEMED/WRITTEN OFF DURING THE YEAR	INTEREST CHARGED	CLOSING BALANCE
Zeerust Sewer Reticulation	13806/101	15.75%	287 732.89	-	287 732.89	34 451.07	-
Zeerust Sewer Reticulation	13806/102	15.75%	257 084.85	-	91 366.35	37 042.70	165 718.50
Municipal Office Extention	100121/3	15.15%	4 853 857.95	-	280 997.59	725 405.12	4 572 860.36
Municipal Office Extention	100172/2	15.00%	295 482.27	-	137 369.47	38 817.61	158 112.80
Zeerust Capacity Building	100702/1	11.73%	1 214 490.00	-	28 335.25	141 692.00	1 186 154.75
Office Building Renovations	102400/1	5%	2 086 330.00	779 406.81	114 338.42	123 509.88	2 751 398.39
			<b>8 994 977.96</b>	<b>779 406.81</b>	<b>940 139.97</b>	<b>1 100 918.38</b>	<b>8 834 244.80</b>



**Analysis of property, plant and equipment as at 30 June 2011**

**Appendix B**

	Cost/Revaluation						
	Cost/Revaluation Opening Balance Rand	Additions Rand Rand	Disposals Rand Rand	Transfers Rand Rand	Revaluations Rand Rand	Other Changes movements Rand Rand	Closing Balance Rand
Land and Buildings							
Land (Separate for AFS Purposes)	R 3 434 173.59	R 818 377.19		R 0.00	R 0.00	R 0.00	R 60 590 650.78
Landfill Sites (Separate for AFS)	R 96 080.00	R 0.00		R 0.00	R 0.00	R 0.00	R 96 080.00
<b>Category Total</b>	<b>R 3 530 253.59</b>	<b>R 818 377.19</b>		<b>R 0.00</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 60 686 730.78</b>
<b>Infrastructure</b>							
Roads, Pavements and Bridges	R 18 992 222.00	R 7 482 463.63		R 0.00	R 0.00	R 0.00	R 34 348 490.63
Storm water	R 62 909.00	R 0.00		R 0.00	R 0.00	R 749 524.07	R 812 433.07
Generation	R 160 179.00	R 0.00		R 0.00	R 0.00	R 0.00	R 160 179.00
Electricity Transmission & Reticulation	R 9 769 323.00	R 0.00		R 0.00	R 0.00	R 0.00	R 9 769 323.00
Street lighting	R 639 884.00	R 270 132.00		R 0.00	R 0.00	R 0.00	R 910 016.00
Dams and Reservoirs	R 252 528.00	R 0.00		R 0.00	R 0.00	R 0.00	R 252 528.00
Reticulation	R 8 985 615.00	R 0.00		R 0.00	R 0.00	R 0.00	R 8 985 615.00
Reticulation	R 5 482 684.00	R 0.00		R 0.00	R 0.00	R 0.00	R 5 482 684.00
sewerage purification	R 5 686.00	R 0.00		R 0.00	R 0.00	R 0.00	R 5 686.00
Fencing	R 216 537.00	R 0.00		R 0.00	R 0.00	R 0.00	R 216 537.00
<b>Category Total</b>	<b>R 44 567 567.00</b>	<b>R 7 752 595.63</b>		<b>R 0.00</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 60 943 491.70</b>
<b>Community Assets</b>							
Parks and Gardens	R 3 868.00	R 0.00		R 0.00	R 0.00	R 0.00	R 3 868.00
Sportsfield and Stadiums	R 246 675.00	R 0.00		R 0.00	R 0.00	R 0.00	R 246 675.00
Public Convenience & Bath	R 141 195.00	R 0.00		R 0.00	R 0.00	R 0.00	R 141 195.00
Community halls	R 949 712.00	R 0.00		R 0.00	R 0.00	R 0.00	R 949 712.00
Recreational facility	R 848.00	R 0.00		R 0.00	R 0.00	R 0.00	R 848.00
Clinics	R 450 160.00	R 0.00		R 0.00	R 0.00	R 0.00	R 450 160.00
Civic theatres	R 48 363.00	R 704 976.23		R 0.00	R 0.00	R 0.00	R 753 339.23
Cemetries	R 28 127.00	R 0.00		R 0.00	R 0.00	R 0.00	R 28 127.00
<b>Category Total</b>	<b>R 1 868 948.00</b>	<b>R 704 976.23</b>		<b>R 0.00</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 2 573 924.23</b>
<b>Heritage assets</b>							
Fountains & Monuments	R 496 250.00	R 0.00		R 0.00	R 0.00	R 0.00	R 496 250.00
other	R 4 338.00	R 0.00		R 0.00	R 0.00	R 0.00	R 4 338.00
<b>Category Total</b>	<b>R 500 588.00</b>	<b>R 0.00</b>		<b>R 0.00</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 500 588.00</b>
<b>Specialised vehicles</b>							
Motor Vehicles	R 5 188 479.00	R 1 692 618.49		R 0.00	R 0.00	R 0.00	R 6 881 097.49
Plant and equipment	R 8 856 467.00	R 1 425 376.38		R 0.00	R 0.00	R 0.00	R 10 281 843.38
Computer equipment	R 3 973 745.93	R 35 853.17		R 0.00	R 0.00	R 0.00	R 4 009 599.10
Computer software - Intangible	R 0.00	R 157 183.34		R 0.00	R 0.00	R 1 856 289.37	R 2 013 472.71
Furniture & Fittings	R 991 123.00	R 350 320.93		R 0.00	R 0.00	R 0.00	R 1 341 443.93
Office equipment	R 670 524.00	R 10 958.39		R 0.00	R 0.00	R 0.00	R 681 482.39
Nurseries	R 300 000.00	R 0.00		R 0.00	R 0.00	R 0.00	R 300 000.00
Markets	R 9 455.00	R 0.00		R 0.00	R 0.00	R 0.00	R 9 455.00
Transport facilities	R 21 233.00	R 0.00		R 0.00	R 0.00	R 0.00	R 21 233.00
Hostels	R 43 245.00	R 0.00		R 0.00	R 0.00	R 0.00	R 43 245.00
Fire & medical equipment	R 103 139.00	R 0.00		R 0.00	R 0.00	R 0.00	R 103 139.00
Buildings	R 6 633 081.00	R 0.00		R 0.00	R 0.00	R 0.00	R 6 633 081.00
Workshop & Depots	R 905 986.00	R 0.00		R 0.00	R 0.00	R 0.00	R 905 986.00
Bins & Containers	R 476 072.00	R 0.00		R 0.00	R 0.00	R 0.00	R 476 072.00
Houses	R 493 819.00	R 0.00		R 0.00	R 0.00	R 0.00	R 493 819.00
Work in progress	R 29 574 599.00	R 374 349.00		R 0.00	-R 8 501 701.00	R 0.00	R 21 447 247.00
other assets	R 0.00	R 0.00		R 0.00	R 0.00	R 0.00	R 0.00
<b>Category Total</b>	<b>R 58 240 967.93</b>	<b>R 3 889 476.36</b>		<b>R 0.00</b>	<b>-R 8 501 701.00</b>	<b>R 0.00</b>	<b>R 55 642 216.00</b>
<b>Total property plant and equipment</b>							
Land & Buildings	R 3 530 253.59	R 818 377.19		R 0.00	R 0.00	R 0.00	R 60 686 730.78
Infrastructure	R 44 567 567.00	R 7 752 595.63		R 0.00	R 0.00	R 0.00	R 60 943 491.70
Community assets	R 1 868 948.00	R 704 976.23		R 0.00	R 0.00	R 0.00	R 2 573 924.23
Heritage Assets	R 500 588.00	R 0.00		R 0.00	R 0.00	R 0.00	R 500 588.00
Other assets	R 58 240 967.93	R 3 889 476.36		R 0.00	-R 8 501 701.00	R 0.00	R 55 642 216.00
							R 0.00
<b>Grand Total</b>	<b>R 108 708 324.52</b>	<b>R 13 165 425.41</b>		<b>R 0.00</b>	<b>-R 8 501 701.00</b>	<b>R 0.00</b>	<b>R 180 346 950.71</b>

**Analysis of property, plant and equipment as at 30 June 2011**  
**Accumulated Depreciation**

**Appendix B**

	Accumulated Depreciation Opening Balance Rand	Disposals Rand	Transfers Other Rand	Depreciation Rand	Impairment Loss Rand	Closing Balance Rand	Carrying Value Rand
Land and Buildings							
Land (Separate for AFS Purposes)	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 60 590 650.78
Landfill Sites (Separate for AFS)	R 6 410.00	R 0.00	R 0.00	R 3 202.68	R 0.00	R 9 612.68	R 86 467.32
<b>Category Total</b>	<b>R 6 410.00</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 3 202.68</b>	<b>R 0.00</b>	<b>R 9 612.68</b>	<b>R 60 773 198.32</b>
<b>Infrastructure</b>							
Roads, Pavements and Bridges	R 3 326 561.00	R 0.00	R 175 074.00	R 2 512 047.42	R 0.00	R 6 013 682.42	R 28 334 808.21
Storm water	R 6 295.00	R 0.00	R 4 578.00	R 40 622.00	R 0.00	R 51 495.00	R 760 938.07
Generation	R 16 028.00	R 0.00	R 0.00	R 11 867.54	R 0.00	R 27 895.54	R 132 283.46
Electricity Transmission & Reticulation	R 952 350.00	R 0.00	R 0.00	R 749 695.00	R 0.00	R 1 702 045.00	R 8 067 278.00
Street lighting	R 46 922.00	R 0.00	R 0.00	R 21 012.69	R 0.00	R 67 934.69	R 842 081.31
Dams and Reservoirs	R 25 270.00	R 0.00	R 0.00	R 8 292.59	R 0.00	R 33 562.59	R 218 965.41
Reticulation	R 899 183.00	R 0.00	R 0.00	R 1 185 600.00	R 0.00	R 2 084 783.00	R 6 900 832.00
Reticulation	R 548 324.00	R 0.00	R 0.00	R 474 523.00	R 0.00	R 1 022 847.00	R 4 459 837.00
sewerage purification	R 573.00	R 0.00	R 0.00	R 186.72	R 0.00	R 759.72	R 4 926.28
Fencing	R 99 425.00	R 0.00	R 0.00	R 73 113.00	R 0.00	R 172 538.00	R 43 999.00
<b>Category Total</b>	<b>R 5 920 931.00</b>	<b>R 0.00</b>	<b>R 179 652.00</b>	<b>R 5 076 959.96</b>	<b>R 0.00</b>	<b>R 11 177 542.96</b>	<b>R 49 765 948.74</b>
<b>Community Assets</b>							
Parks and Gardens	R 258.00	R 0.00	R 0.00	R 129.00	R 0.00	R 387.00	R 3 481.00
Sportsfield and Stadiums	R 24 207.00	R 0.00	R 0.00	R 9 266.00	R 0.00	R 33 473.00	R 213 202.00
Public Convenience & Bath	R 9 422.00	R 0.00	R 0.00	R 4 707.00	R 0.00	R 14 129.00	R 127 066.00
Community halls	R 63 358.00	R 0.00	R 0.00	R 30 357.00	R 0.00	R 93 715.00	R 855 997.00
Recreational facility	R 25.00	R 0.00	R 0.00	R 0.00	R 0.00	R 25.00	R 823.00
Clinics	R 30 031.00	R 0.00	R 0.00	R 15 005.00	R 0.00	R 45 036.00	R 405 124.00
Civic theatres	R 3 226.00	R 0.00	R 0.00	R 11 403.00	R 0.00	R 14 629.00	R 738 710.23
Cemeteries	R 1 876.00	R 0.00	R 0.00	R 938.00	R 0.00	R 2 814.00	R 25 313.00
<b>Category Total</b>	<b>R 132 403.00</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 71 805.00</b>	<b>R 0.00</b>	<b>R 204 208.00</b>	<b>R 2 369 716.23</b>
<b>Heritage assets</b>							
Fountains & Monuments	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 496 250.00
other	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 4 338.00
<b>Category Total</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 500 588.00</b>
<b>Specialised vehicles</b>							
Motor Vehicles	R 1 961 613.00	R 0.00	R 0.00	R 1 323 949.18	R 0.00	R 3 285 562.18	R 3 595 535.31
Plant and equipment	R 2 561 413.00	R 0.00	R 0.00	R 726 670.00	R 0.00	R 3 288 083.00	R 6 993 760.38
Computer equipment	R 818 124.00	R 0.00	R 0.00	R 794 208.07	R 0.00	R 1 612 332.07	R 2 397 267.03
Computer software - Intangible	R 0.00	R 0.00	R 48 060.00	R 0.00	R 0.00	R 48 060.00	R 1 965 412.71
Furniture & Fittings	R 266 751.00	R 0.00	R 0.00	R 143 436.93	R 0.00	R 410 187.93	R 931 256.00
Office equipment	R 391 756.00	R 0.00	R 0.00	R 208 497.00	R 0.00	R 600 253.00	R 81 229.39
Nurseries	R 20 014.00	R 0.00	R 0.00	R 10 000.00	R 0.00	R 30 014.00	R 269 986.00
Markets	R 631.00	R 0.00	R 0.00	R 315.15	R 0.00	R 946.15	R 8 508.85
Transport facilities	R 1 416.00	R 0.00	R 0.00	R 707.77	R 0.00	R 2 123.77	R 19 109.23
Hostels	R 2 885.00	R 0.00	R 0.00	R 1 441.39	R 0.00	R 4 326.39	R 38 918.61
Fire & medical equipment	R 29 607.00	R 0.00	R 0.00	R 14 794.00	R 0.00	R 44 401.00	R 58 738.00
Buildings	R 442 519.00	R 0.00	R 0.00	R 29 492.00	R 0.00	R 472 011.00	R 6 161 070.00
Workshop & Depots	R 60 442.00	R 0.00	R 0.00	R 30 199.52	R 0.00	R 90 641.52	R 815 344.48
Bins & Containers	R 98 437.00	R 0.00	R 0.00	R 49 185.12	R 0.00	R 147 622.12	R 328 449.88
Houses	R 32 944.00	R 0.00	R 0.00	R 16 460.65	R 0.00	R 49 404.65	R 444 414.35
Work in progress	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 21 447 247.00
other assets	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
<b>Category Total</b>	<b>R 6 688 552.00</b>	<b>R 0.00</b>	<b>R 48 060.00</b>	<b>R 3 349 356.78</b>	<b>R 0.00</b>	<b>R 10 085 968.78</b>	<b>R 45 556 247.22</b>
<b>Total property plant and equipment</b>							
Land & Buildings	R 6 410.00	R 0.00	R 0.00	R 3 202.68	R 0.00	R 9 612.68	R 60 677 118.10
Infrastructure	R 5 920 931.00	R 0.00	R 179 652.00	R 5 076 959.96	R 0.00	R 11 177 542.96	R 49 765 948.74
Community assets	R 132 403.00	R 0.00	R 0.00	R 71 805.00	R 0.00	R 204 208.00	R 2 369 716.23
Heritage Assets	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 500 588.00
Other assets	R 6 688 552.00	R 0.00	R 48 060.00	R 3 349 356.78	R 0.00	R 10 085 968.78	R 45 556 247.22
<b>Grand Total</b>	<b>R 12 748 296.00</b>	<b>R 0.00</b>	<b>R 227 712.00</b>	<b>R 8 501 324.42</b>	<b>R 0.00</b>	<b>R 21 477 332.42</b>	<b>R 158 869 618.29</b>

**Appendix C****COST****Segmental Analysis of Property, Plant and Equipment as at 30 June 2011**

	Opening Balances	Additions Rand	Disposals Rand	Transfers	Revaluations	Closing Balance
Council	R 2 439 406.00	R 0.00	R 0.00	R 0.00	R 0.00	R 2 439 406.00
Finance & Admin/Finance	R 21 175 696.00	R 350 321.00	R 0.00	R 0.00	R 0.00	R 21 526 017.00
Planning and Development/Economic	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Development\Plan	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Health\Clinics	R 103 139.00	R 0.00	R 0.00	R 0.00	R 0.00	R 103 139.00
Community & Social\Libraries	R 1 635 735.00	R 0.00	R 0.00	R 0.00	R 0.00	R 1 635 735.00
Housing	R 8 502 899.00	R 632 287.00	R 0.00	R 0.00	R 0.00	R 9 135 186.00
Public Safety,Police	R 363 636.00	R 0.00	R 0.00	R 0.00	R 0.00	R 363 636.00
Sport & Recreation	R 233 213.00	R 0.00	R 0.00	R 0.00	R 0.00	R 233 213.00
Environmental Protection Pollution Control	R 476 072.00	R 0.00	R 0.00	R 0.00	R 0.00	R 476 072.00
Waste Water Management	R 5 488 370.00	R 0.00	R 0.00	R 0.00	R 0.00	R 5 488 370.00
Road Transport/Roads	R 19 534 916.00	R 0.00	R 0.00	R 0.00	R 0.00	R 19 534 916.00
Water\Water Distribution	R 9 238 143.00	R 0.00	R 0.00	R 0.00	R 0.00	R 9 238 143.00
Electricity\Electricity Distribution	R 9 929 503.00	R 0.00	R 0.00	R 0.00	R 0.00	R 9 929 503.00
Work In Progress	R 29 574 599.00	R 374 349.00	R 0.00	-R 8 501 701.00	R 0.00	R 21 447 247.00

# Appendix C

## Accumulated Depreciation Segment Analysis of Property, Plant and Equipment as at 30 June 2011

	Opening Balance	Disposals Rand	Transfers Rand	Depreciation Rand	Impairments/D	Closing Bal	Carrying Value Rand
							R 0.00
							R 0.00
Council	R 467 028.00	R 0.00	R 0.00		R 0.00	R 467 028.00	R 1 972 378.00
Finance & Admin/Finance	R 5 532 630.00	R 0.00	R 0.00		R 0.00	R 5 532 630.00	R 15 993 387.00
Planning and Development/Economic	R 0.00	R 0.00	R 0.00		R 0.00	R 0.00	R 0.00
Development\Plan	R 0.00	R 0.00	R 0.00		R 0.00	R 0.00	R 0.00
Health\Clinics	R 29 607.00	R 0.00	R 0.00	R 16 643.00	R 0.00	R 46 250.00	R 56 889.00
Community & Social\Libraries	R 109 126.00	R 0.00	R 0.00		R 0.00	R 109 126.00	R 1 526 609.00
Housing	R 567 260.00	R 0.00	R 0.00		R 0.00	R 567 260.00	R 8 567 926.00
Public Safety,Police	R 115 446.00	R 0.00	R 0.00		R 0.00	R 115 446.00	R 248 190.00
Sport & Recreation	R 23 277.00	R 0.00	R 0.00		R 0.00	R 23 277.00	R 209 936.00
Environmental Protection Pollution Control	R 98 437.00	R 0.00	R 0.00		R 0.00	R 98 437.00	R 377 635.00
Waste Water Management	R 548 897.00	R 0.00	R 0.00		R 0.00	R 548 897.00	R 4 939 473.00
Road Transport/Roads	R 3 363 760.00	R 0.00	R 0.00		R 0.00	R 3 363 760.00	R 16 171 156.00
Water\Water Distribution	R 924 454.00	R 0.00	R 0.00		R 0.00	R 924 454.00	R 8 313 689.00
Electricity\Electricity Distribution	R 968 378.00	R 0.00	R 0.00		R 0.00	R 968 378.00	R 8 961 125.00
Work In Progress	R 0.00	R 0.00	R 0.00		R 0.00	R 0.00	R 21 447 247.00

## RAMOTSHERE MOILOA LOCAL MUNICIPALITY

### Appendix (E1) Actual Vs Budget ( Revenue and Expenditure)

	Current year Actual Balance	Current year Adjusted Budget	Variance	%change	Reasons for variances
<b>Revenue</b>					
Property Rates and Penalties	13 099 270	12 677 000	422 270	3%	More revenue were collected on property rates than expected.
Service Charges	41 470 212	48 852 000	-7 381 788	-15%	Service charges income were collected below anticipated during the year
Rental of Facilities and Equipment	35 946	61 000	-25 054	-41%	Municipality sold houses previously rented to customers
Fines	6 707 656	2 500 000	4 207 656	168%	More revenue were collected from fine than anticipated
Licences and Permits	1 595 242	1 600 000	-4 758	0%	
Government Grants and Subsidies	84 566 863	90 552 000	-5 985 137	-7%	Other conditional grants were not full utilised in the financial year
Rendering of services	78 370	32 000	46 370	145%	More revenue were collected from funeral charges and advertising signs than anticipated
Miscellaneous other Revenue	246 513	161 500	85 013	53%	Increase in claims and valuation resulted in more income than expected
Interest Received - Investment	493 996	700 000	-206 004	-29%	Interest on external investments reduced as compared to budgeted
	<b>148 294 068</b>	<b>157 135 500</b>			
<b>Expenditure</b>					
Personnel	54 971 203	56 271 000	-1 299 797	-2%	
Remuneration of councillors	8 425 079	7 313 000	1 112 079	15%	Remuneration were revised per SALGA rate as compared to anticipated remunerations.
Administration	9 000	2166	6 834	316%	Administration activities were more than expected due to increase in administrative services.
Depreciation and amortisation	9 055 126	6 730 210	2 324 916	35%	Some of the infrastructure were completed during the year resulted to increase in depreciation
Finance costs	1 044 584	3 124 000	-2 079 416	-67%	One of DBSA loan was redeemed in during the year
Debt impairment	9 581 717	10 084 970	-503 253	-5%	
Collection Cost	166 387	0	166 387	100%	Expenditure on collection cost were not budgeted for.
Repairs and maintenance	4 838 206	1 398 310	3 439 896	246%	Major repair on vehicles were more than anticipated
Bulk purchases	14 960 043	21 890 000	-6 929 957	-32%	Bulk water and bulk electricity were less than anticipated expenditure.
Contracted services	1 254 276	606 817	647 459	107%	Contracted services were double than expected in the financial year because of security services
Grant funded expenditure	8 103 565	8 089 404	14 161	0%	
General Expenses	35 247 007	46 887 598	-11 640 591	-25%	General expense is lee than expected due to reduction in miscellaneous expenses.
	<b>147 656 193</b>	<b>162 397 475</b>			

## RAMOTSHERE MOILOA LOCAL MUNICIPALITY

### APPENDIX F

#### Disclosure of Grants and Subsidies in Terms of Municipal Finance Management Act

Grant	Opening Balance	Receipts	Payments	Adjustments	Closing Balance
<b>Conditional Grants</b>					
Municipal Infrastructural Grant	3 370 127	26 720 000	11 675 524	-	18 414 603
District Grant	1 640 750	-	1 688 819	-	(48 069)
Neighbourhood Development Grant	4 170 000	6 000 000	7 372 262	-	2 797 738
Rural Subsidy	6 113 790	-	-	-	6 113 790
Human Settlement	-	-	-	-	-
Financial Management Grant	-	1 250 000	1 250 000	-	-
Municipal System Improvement Grant	-	1 000 000	1 000 000	-	-
	<b>15 294 667</b>	<b>34 970 000</b>	<b>22 986 605</b>	<b>-</b>	<b>27 278 062</b>
<b>Unconditional</b>					
Equitable Share	-	60 150 805	60 150 805	-	-
Health Subsidies	-	1 429 453	1 429 453	-	-
		<b>61 580 258</b>	<b>61 580 258</b>	<b>-</b>	<b>-</b>
<b>Total All Grants</b>	<b>15 294 667</b>	<b>96 550 258</b>	<b>84 566 863</b>	<b>-</b>	<b>27 278 062</b>